

Port Headland, in the Pilbara region of Western Australia.

The study revolves around the potential development of the Ant Hill manganese prospect located around 340km away. Raw material would be trucked to the processing plant in Port Hedland. The deposit contains at least 1.4m. tonnes manganese at a cut-off of 25%.

Sovereign expects the feasibility study to be completed by the end of this year.

Manganese sulphate is primarily used in animal feed supplements, fertilisers and as an intermediary for manganese chemicals production.

CANADA

New production from Perlite Canada

Perlite Canada Inc., a subsidiary of Canspar Resources Inc. of Laval, Quebec, will shortly bring on stream a perlite deposit close to Kamloops, British Columbia.

At the time of writing (mid-July) Perlite Canada was close to finalising the necessary financing of C\$1.5m.

The company is planning to establish a 20,000 tpa operation. Plant erection was scheduled for the beginning of August with commercial output in mid-September.

Sales contracts for the entire output for the first year of operation (15,000 tonnes) have already been secured from customers in the USA.

Perlite Canada will export product via Vancouver to customers throughout the US north-west. The company will face strong competition in this region from US perlite producers located in Oregon (the largest pumice-producing state) and Idaho.

The company will be British Columbia's second pumice producer, joining Great Pacific Pumice Inc. whose quarry near Pemberton, 150km north of Vancouver came on stream in 1995.

CHINA

Oversupply puts rare earths projects on hold

O verproduction of rare earths in China is threatening to place any new rare earth projects on hold. The State Planning Commission has stated that new rare earth projects will not be approved in the next 10-15 years.

Last year proved a record year for China's rare earths sector in terms of production, export, and domestic consumption. In 1996, China produced 55,373 tonnes (rare earth oxide content) of rare earth ore, up 15.3% year on year; 45,338 tonnes of processed rare earth products, up 13.3%; and exported some 31,000 tonnes of rare earth products (US\$292.6m.), or a 7.8% increase. China's output has already exceeded the target set in the country's Ninth Five Year Plan (1996-2000).

About 15 out of 100 enterprises produce 80-90% of China's rare earths. The industry's production comes under the leadership of the Ministry of Metallurgical Industry, China National Non-ferrous Metals Industry Corp., and China National Nuclear Corp., plus some local enterprises.

All enterprises are being encouraged to break up regional divisions and restructure their assets by organising into large groups.

Although new projects are to be placed on hold, "special situations" are to be excluded from the new measures.

During 1996, domestic demand increased by 8-11%. However, production and exports rose faster and resulted in a decrease in rare earth prices.

The forecast for 1997 is that production of magnets and phosphor materials is expected to continue growing significantly with strong demand. Demand for mischmetal, cerium oxide, and neodymium will also increase.

EUROPE

Lafarge expands gypsum with Gyvlon

Lafarge, the French based leader in construction materials, has recently acquired a 100% interest in the Dutch company Gyvlon BV and its German subsidiary Gyvlon Handelsgesellschaft mbH.

The Gyvlon Group, a company with a turnover of \$17.6m., produces 170,000 tpa of anhydrite binders for concrete floor screeds which are sold mainly in Holland and Germany, with a small amount exported to other European countries. Gyvlon is a market leader in Holland, and, through the German subsidiary, has a significant market share in Germany.

Through two subsidiary companies, one in Holland and one in Germany, Gyvlon produces anhydrite through its own patented process. Flue gas desulphurisation (FGD) gypsum is acquired from power plants and by flash calcining is transformed into anhydrite. The anhydrite is then used by Gyvlon to manufacture binders.

Lafarge's interest in Gyvlon reflects its specialism in calcium sulphate products. The company currently produces a full range of gypsum products including wallboards, blocks, gypsum-based coatings, and plasters, and the acquisition adds floor screeds to the list.

There is strategy in the move also, as Lafarge predicts that the market of self-levelling floor screeds will grow in the future. It believes that an increased use of floor heating and European regulations governing acoustic properties of floors will combine to raise demand for the anhydrite product.

Although Lafarge could not comment on specific plans for the future, it is looking at developing the operations further down the line.

In 1996, Lafarge's gypsum division had sales totalling \$580m. from its operations in Europe, the USA, Brazil, Australia and Thailand.

RP reorganisation leads to chemicals sell-off

F ollowing in the footsteps of a number of large chemical and pharmaceutical conglomerates, the French chemicals group Rhône-Poulenc has announced plans to reorganise its business activities and concentrate on being a pharmaceuticals company.

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Article 51

CHINA'S RARE EARTH EXPORT QUOTA SET AT 45,000 TONS

01/09/2001

Asia Pulse

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BEIJING, Jan 9 Asia Pulse - The State Development Planning Commission (SDPC) has decided to put a cap on the export of **rare earth**, limiting it to 45,000 tons (in **rare earth** oxide content) in 2001, about 2,000 tons less than in 2000, according to China Metals.

Unlike most exports quotas that are controlled by the Ministry of Foreign Trade and Economic Cooperation (MOFTEC), **rare earth** export quota is set by SDPC and distributed by the State Economic and Trade Commission (SETC), though MOFTEC actually issues the licenses.

According to the China **Rare Earth** Association (CREA), the quotas are divided into three categories, **rare earth** salt, 20,000 tons, **rare earth** oxides, 12,500 tons and **rare earth** metals, 12,500 tons.

The **rare earth** export quota was introduced in 1999 and maintained in 2000, thus pushing up the **prices** of the products. Neodymium oxide price, for example, shot up from 50 yuan/kg at the start of 2000 to 120 yuan/kg towards the end of the year.

Experts believe **rare earth prices** will be maintained at a high level, with some rises in the first two quarters of 2001.

(XIC) 09-01 1446

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Article 228

[Return to Headlines](#)**CHINA'S RARE EARTH INDUSTRY IN THE DOLDRUMS**

01/28/1999

Asia Pulse

(c) Copyright 1999 Asia Pulse PTE Ltd.

BEIJING, Jan 28 Asia Pulse - Low-level duplicated capital construction and excessive competition have plunged China's **rare-earth** industry into the bottom.

The whole industry was reported to have suffered losses across the board ever since the second half of 1997.

Experts attribute the plight to excessive competition, lag development technology, soaring output but plummeting **prices**.

China enjoys advantages in **rare-earth** production in the world, yet the country has failed to display its comparative advantage in heated competition in the world.

There are too many small enterprises engaging in the processing of **rare-earth** products by using primitive technology, wasting a lot of raw materials and energy.

The cut-throat competition has forced them to undersell their products in order to keep operations going.

The average price of **rare-earth** products dropped by 30% in 1998. The price of **rare-earth** chloride has plummeted from US\$1,400 to a miserable US\$900 per ton, well below the average production cost.

At present, the output of **rare-earth** products is 55,000 tons and the annual **rare-earth** processing capacity has soared from 42,000 tons in 1996 to 110,000 tons now.

But the world's annual consumption of **rare-earth** products is only somewhere between 55,000 and 60,000 tons.

China's exports of **rare-earth** products in the first 10 months of 1998 increased by 14% over the same 1997 period, yet foreign exchange earnings dropped by US\$16 million.

Should the current situation last, experts say, the whole **rare-earth** industry will be destroyed.

They urged the state to shut energy-gobbling and seriously polluting enterprises and approve no raw material and crude processing projects, so as to arrest the disorderly situation.

They also urged the state to organize two major group companies to sharpen the competitive edge of the **rare-earth** industry and set up a special fund earmarked for the research and development of new products and technologies.

The state is increasing investment in applied development.

The state has used the \$US3 million dollar loan provided by the World Bank in 1995 and the 15 million yuan government allocation in technology development projects.

Two laboratories and four intermediate experiment production lines are scheduled for completion before the year 2000.

(XIC) 28-01 1906

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